

Anti-Poverty Experience of Brazil and Its Enlightenment for China

WANG Zhizhang^{[a],*}; SUN Hanlin^[a]

^[a]School of Economic & Management, Southwest University, Chongqing, China.

*Corresponding author.

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Abstract

Both China and Brazil are among the developing countries. There is some similarity on poverty in less developed countries, especially in the city poverty issue. To resolve the city poverty problem, we should decrease the gap of income distribution, increase the income of middle-class, protect the legal profit of rural floating population and ensure their equal treatment with the urban residents and set up the perfect guarantee system.

Key words: Poverty; Anti-poverty strategy; Society guarantee

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INTRODUCTION

Brazil, located in the southeastern part of South America, is the fifth biggest country in the world with the area of 8,547,400 square kilometers, which is next only to Russia, Canada, China and USA. Brazil boasts the most perfect industrial system and its economic power steadily ranks

the first place in Latin America, however, as a developing country, its developments between economy and society don't harmonize seriously with sharp regional difference and severe issue of poverty. Research on the practice and experience of Brazil of anti-poverty is an important lesson for China to formulate its policies of fighting poverty.

1. BASIC FEATURES OF THE POVERTY IN BRAZIL

As the urbanized country, the features of Brazil in poverty are showed in the below two aspects: first, the size is huge with severe extent. According to the statistics of economic committee of Latin America under UN, the population of poverty account for 50% of its total population, among of which rural poverty population takes 73%. Second, the distribution of poverty population is extremely uneven. For example, the nine states in the northeastern part of Brazil is the most poverty-stricken regions with per capita income less than the half of the national average level and only the one third of that in the southeastern coastal regions. In 1990, the poverty-stricken families account for 74% of the total number nationwide, among of which Piauí is the poorest region with property population even hitting 90%, who mainly depend on agriculture (Wan, 2009).

Most of the urban pauper in Brazil live in the slums, called favela in Brazil, which means the gathering place where the shabby rooms that are temporarily built. According to the definition issued by the Bureau of Geographical Statistics of Brazil, the slums refer to the living district without fundamental sanitation, where more than 50 families gather and live in the disorder buildings through illegal occupation of the idle land. According to the census conducted in 2000, Brazil has 3905 slums, 717 more than that in 1991. The slums cover all the major cities of Brazil, and now they extend to the medium-sized cities.

Due to the sharp gap between the wealthy and poor and huge difference in living standards, the misunderstanding arises between the national so that the cohesive force of state and society is weakened, leading to a series of serious consequences that jeopardize cities' images, such as disorder of social security, weak sanitary conditions, destruction of ecological system and deficiency of education (Han, Cui, & Zhao, 2005). The issue of poverty has become the bottleneck that restricts the development of Brazil.

2. REASONS FOR POVERTY

There are many reasons for poverty in Brazil, the first of which is the acute inequality of land occupancy, which results in a great number of peasants without land and exacerbates the flow of rural population into the cities, the majority of land is in the hands of a few of landowners in Brazil due to failure to conduct the land revolution after World War II, this extremely unfair land ownership enforces the peasants that are placed in difficulty circumstances due to without land to migrate into the cities. Although this one-way flow pushes forward the process of urbanization and industrial development to some extent, the increase of population are far beyond the cities' carrying capacity and the urban infrastructure, education, healthcare and employment opportunity cannot meet the demand of the large population, and therefore, the partial peasants in question have become the poor group. Nowadays, there are more than 10 million peasants without land in Brazil, which is also the reason of poverty for some population in rural area.

The second reason is the weak employment with extreme shortage of job opportunity and the proportion of population that takes up an occupation in informal sectors, is relatively high. With the progress of urbanization, Brazil transfers the focus of the industry into the capital and skill-intensive industries, which create a few of employment opportunity. Between 1960 and 1970, only one third of the newly-added labor force was engaged in the industrial sector and construction industry and the rest worked in the service industry. After that, the economic growth slowed down and the traditional industries like garment, shoemaking, lost the competitive power in the international market, which led to few employment, therefore, a great deal of labor force flowed into the traditional service industry and informal sectors. The so-called informal employment means the family service, working in the micro enterprise with staff less than 5 persons as well as engaging in individual operation, where the rights and interests of the workers cannot be protected by the laws due to the failure to sign a labor contract along without social security, and the income is only a half of that in formal sector, so the most of the workers belong to low-income group. From 1985 to 1997, the employment in informal sectors increased 97 % while 6 % for formal

employment, the population worked in informal sectors accounts for 50% of the total employment. The open unemployment rate issued by the cities has risen to 8% to 11% in recent years from the 4.5% in 1990, and it is even 17% in some statistics. Unemployment, deficiency of employment and weak employment are the major reasons that the urban poor population exists for long time in abundance (Fang, 2001).

Third, the demand of the low-income group is not taken into account in the urban planning, building land, infrastructure and the development of community (Su, 2006, p.525). Brazilian government initially took the attitude of only banning the slums and, the gathering area of the poor was excluded from the civil planning (United Nations., 2006 p.295). The income for the 80 % people living in the slums are below the standard for the minimum wage, it was very hard for this group to obtain building land and house in the city while they cannot acquire land in the rural area, therefore they illegally forcibly occupied the idle land for building humble houses to meet their demands for housing and the real estate developers in the slums and illegal black market also emerged at the same time. The issues of domestic poverty and social exclusion have become increasingly severe.

The fourth is no clear knowledge of the slum and perfect policies. In the process of urbanization, the taxation policy that determines the tax as per the wage standards in various regions and feedback of tax achievement enlarges the gap between the wealthy and poor. In addition, education expenditure is greatly tilted towards the secondary and higher education, which causes the relatively inadequate investment in preliminary education. Second, in the stage of secondary education, the priority is given to the common education rather than secondary occupational education and normal education, which is not favorable to improve the situations of education and employment for the children of low-income groups.

3. ANTI-POVERTY MEASURES OF GOVERNMENT

3.1 Conditional Cash Transferring (CCT)-Anti-poverty policy:

During the term of president Cardoso, Brazil carried out a policy that could decrease the poverty in a short time, which was the anti-poverty policy called Conditional cash transferring (CCT)". This plan was to encourage the investment in the human resource for the poverty group and help them by the means of utilizing cash transferring and this plan covered various livelihood fields such as health care, education and employment (Hall, 2006). And the consequent "family assistance plan", as the supplement for this plan, had played an important role in enhancing the enrollment rate of children, increasing

the social tolerance, alleviating the poverty and ethnic estrangement.

3.2 Anti-Poverty Model of the “Strategy of Development Pole” (Zhao, 2005)

The basic idea of this theory is to stick to the principle of unbalanced regional development, namely first of all, choosing and fostering the “development pole” and making it the impetus of the regional economic growth, and guiding the economic development of the regions through the medium force of economic system. The concrete measures are listed as below:

a) Establishing the specific institution to carry out the guidance and forming the national interference system from the institutions at high level to the ones at low level, whose major structure is the Ministry of Interior (the governmental institution responsible for regional development); four interstate administrative bureaus of development (northeast, middle and west, north and south); administrative bureau of economic zone, engineering office for special project and development company.

b) Giving priority to the planning of poverty-stricken area, formulating and implementing the development plan of backward regions. Arranging regional migration and combining industrial layout with population and agricultural layout. Brazilian government implemented the plan of relocating capital in the 1960s, meanwhile they set up immigrant sites in various regions to arrange the southeastern immigrants to settle. Brazilian government formulated the Plan for National Integration in 1970 so as to supply the labor force and agricultural product resource for going north and west of the industry and then improve the layouts of population and agriculture through pushing economic development of Amazon area. Developing land resources and strengthening the construction of agricultural bases to establish the agricultural production departments with international competitive power. Meanwhile, Brazilian governments also formulated the regional comprehensive development plan, for example, the development plan of the middle and western regions, which attempted to accelerate the regional development through the construction of the infrastructures like highroad, food processing industry and curbing the everglades in this region.

c) It is to devote major efforts to propelling the construction of “growth pole” and give priority to the investment and formulating special preferential policies. First, it is to raise development funds through financial stimulation and guide the private investment to the backward regions and agricultural sectors; second, it is to ensure the funds for regional development though financial budget so that development plan can be carried out smoothly; third, it is to carry out the minimum price protection policy to encourage the development of agriculture, especially protect the interests of the producers in the newly-built development zones. In 1967,

Brazilian government firstly chose Manaus, the capital of Amazon State that is 1000 kilometers away from the costal line, as the “growth pole”, gave the priority to the investment and formulated special preferential policies. For the trade policies, it is stipulated that that commodities consumed in this region are mainly the processed ones, and the goods and materials for the developing agriculture and animal husbandry as well as the re-export goods are exempted of import duty. For the financial policy, it is stipulated that all the enterprises that invests in the free trade zone can get the support of “Amazon Private Investment Foundation”, and the domestic enterprises are exempted of profit tax, industrial product tax, commodity turnover tax and the taxes of the equipment, spare parts and material imported for the demand of production. In 1974, Brazilian governments established 17 “development poles” with various sizes in succession in Amazon region, preliminarily forming the network of “development pole” that stimulate the economic development of the whole region and producing a marked effect.

d) It is to accelerate the development step of “growth pole” through active usage of the foreign investment. Brazilian government, in order to make up for financial deficit and attract foreign investment, also opened the free trade zone and offered various convenient facilities to the investors, including infrastructure, tax relief of land usage and participation in the share of newly-built enterprises, and gave priority to the technology-intensive industries like electronics industry. In order to accelerate the development of underdeveloped areas, Brazilian government has totally invested 700 million US dollars to establish the Northeast Education Foundation so as to help foster teachers and distribute textbook free of charge, meanwhile it also started the “Distance Teaching Program” and broadcasted teaching programs to the remote regions in 1996 so that the illiteracy rate had been reduced sharply.

3.3 “Zero poverty” Program of Eliminating Poverty

From 2004 to 2010, then-president Lula put forward the “zero poverty” program to eliminate poverty, whose major contents are comprised of guaranteeing the rights of food and drink for poor population, ensuring their increase in income, receiving basic education and improving sanitary conditions (Yu, 2011, pp.5-6). Brazilian president Rouseff announced a new “program of eliminating poverty” in 2011, saying that she would make 16.5 million Brazilians shake off poverty during her four-year term. This program inherits and raises the program of eliminating poverty and it, on the basis of ensuring the security of food, seeking social fairness and resisting against hunger, concentrates on shaking off poverty for the population of absolute poverty and enables them to “have the expertise in one specialty” that can guarantee their income so that their living conditions

can be ensured and consolidated. It is stipulated in the program that R\$ 20 trillion (around 12.6 trillion US dollars) will be distributed from the budget annually to carry out the three core tasks of shaking off poverty:

The first is the redistribution of income. It stresses the assistance for the poverty-stricken families in rural area, for example, necessary funds and technologies are offered to them so as to enlarge the market, help them develop agricultural production and improve living conditions so that the gap between rich and poor can be reduced to promote the social harmony.

The second is to offer the necessary public service facilities, namely building the facilities like electric power, drainages and schools, to guarantee the demands of daily life for poverty-stricken families, to improve living environment, to popularize the science and culture, to remove the potential safety hazard and maintain the social order so as to enhance the social cohesive force and stability.

The third is the training of basic production skills. Focusing on the training of production skills is one of the major features of this program. The government plans to carry out the training in question for 1.7 million people aged from 18 to 65 and stipulates that the education funds shall be not diverted. This measure can not only improve the economic conditions of their families but also plays an important role in the prevent returning to poverty after shaking it off.

4. SOME ENLIGHTENMENT FOR CHINESE POVERTY FIGHTING

The anti-poverty strategy has made relatively good achievement during its enforcement and operation through long-term and unremitting efforts, and we can gain some favorable enlightenment from the formulation and enforcement of concrete policies, which are summarized as the following points:

First, during the urbanization, actual conditions of development for economy and society should be fully taken into account to ensure that economic construction be in line with social development. Brazil has become the tenth top economic entity in the world, but the extreme unbalance still exists between the social development and economic development and the Gink coefficient has lingered between 0.580 and 0.634 for long time. The excessive concentration of population and the urban faulty infrastructure, few opportunities of employment and low life service have caused a series of “urban issues” such as inflation, shortage of housing, bad environment, disordered public security and rising of unemployment. China, a developing country with huge population and weak economic foundation, has great differences in the historical culture, the development of society and economy and the geographic regions of the

eastern, middle and western part. Therefore, it should be conducted on the basis of actual national condition when formulating policies and measure of fighting poverty and the road of anti-poverty with Chinese characteristics need to be achieved through gaining enlightenment from the experience of foreign anti-poverty and summarizing China’s experience in fighting poverty. In addition, the construction of urbanization is the basic approach of promoting the economic growth of China, optimizing industrial structures, and it is also the fundamental way out of solving the issues of “agriculture, rural area and famers”. In order to promote the sound development of urbanization at its critical stage, it should be realized that urbanization is a major process of transformation for the economic and social structure, which is not only embodied in the process that rural population becomes the urban population but also the one of urban functions keep improving. Realization of urbanization in China is a relatively long historical process and it cannot be achieved in a short time.

Second, the anti-poverty mechanism dominated by the governments, should be established and the investment should be strengthened to fight poverty so as to create more employment opportunities for rural population. Brazilian experience shows that urbanization cannot solve the issue of famers automatically, and if there is no employment opportunity and social security, the status of the famers that migrate into the cities is just changed into poor urban population from the rural one. China has the largest population that tends to transfer to the cities from the rural area, so the key to solving the issues of “agriculture, rural area and farmers” is to create easier environment of policy for famers and offer more employment opportunities so that the mechanism that cities play the driving role in the development of rural area can be formed. When developing the hi-tech industries, we should make full use of foreign and domestic markets and continue to pay attention to the development of traditional industry, devote major efforts to developing labor-intensive industries and various service industries so as to promote the development of small and medium state-owned enterprises so that its role in solving employment can be given full play.

Third, we should promote the sound development of urbanization by ensuring the “two-way” flow. The farmers, who lost land in rural area without job, are the crux of Brazilian issue of poverty. China’s basic national conditions determine that, for quite a long time, land is the most fundamental living guarantee and the last defenses of subsistence for the farmers who migrate into the cities for employment. Before the famers in question get a stable employment and income in cities and towns, the right of land contract for them should be reserved so that they can flow in two-way between urban and rural area, this way will be favorable to prevent a large number of farmers without lands from gathering in the cities which would

possibly form slums and lead to more serious social issues.

Finally, we should adjust the idea of urban construction and pay attention to the low-income group in cities and towns and the common migrant farmers that go to cities for work in the urban planning, housing construction, public service and community administration. The experiences and lessons of Brazil show that, except the issues of employment, the residence and education for the rural population are the relatively major issues. For the low-income group comprised of all the family members that are in the cities for long time, urban governments should make the arrangement for their housing in the policy to stop them from forming slums and causing social issues. Therefore, this needs us to pay attention to the group and the farmer in question from now on in the urban planning, housing construction, public service and community administration (Chen, 2009). Urban governments should treat the migrant workers that have a steady work and residence as the inhabitants and bring the demands of floating population in housing, school and healthcare into line with the urban planning so that a part of them can integrate into the cities step by step, this way will be favorable to the development of various service industries and the urban harmony.

CONCLUSION

China is a developing country with 1.3 billion population and also is an important actor of global anti-poverty. Three decades of reform and opening, the Chinese government has implemented a large-scale, long-lasting and fruitful poverty alleviation and development program. From 2000- 2010, rural poverty population from 94.22million to 26.88million, the incidence of poverty declined from 10.2% to 2.8%, the rural poor production and living conditions of residents have been greatly improved. In the cities, because the Social Security System, the basic livelihood of the poor have been protected. However, with poverty reduction, we are also facing many new problems. Chinese society is now in a transition period, the expansion of differentiation between the rich and the poor, inadequate social security system, unemployment and so on may lead to new poverty.

Brazil is the fifth biggest country in the world, which is next only to China. Brazil boasts the most perfect

industrial system and its economic power steadily ranks the first place in Latin America, however, as a developing country, its developments between economy and society don't harmonize seriously with sharp regional difference and severe issue of poverty. Research on the practice and experience of Brazil of anti-poverty is an important lesson for China to formulate its policies of fighting poverty.

However, through comparison between Brazil and China, we find that the Conditions of each country has its difference, we also learn the advanced experience of foreign countries, But to avoid anti-poverty theory of foreign countries direct moving to China, it is important to combine the way of foreign counties and Chinese basic line.

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